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LB 660

SPEAKER WITHEM: One minute.

SENATOR KRISTENSEN: The 835 procedure, all that will do is reopen the wounds and the war over LB 835. That 10 percent figure was...and as this body knows today we retreated on some of those, but there's still some pillars of those that are still out there. Again, a 10 percent rate increase is not a particularly large increase when you're coming to try to raise your pricing up to cost, and I think they're going to need that 10 percent to do so. The other is the one percent rate rebalancing as another option. That's been in the rules and regulations. I see that as the crucial one. I see that as the one that people will be able to come in and use perhaps a combination of the one percent rebalancing and the 835 procedure to get their costs aligned to be ready for competition and interconnection. And, Senator Beutler, I'm afraid, if...

SPEAKER WITHEM: Time.

SENATOR KRISTENSEN: ...we don't give them those, they'll be back in for something different.

SPEAKER WITHEM: Senator Elmer, followed by Senator Beutler, to speak to the Beutler amendment.

SENATOR ELMER: Thank you, Senator Withem. Senator Beutler, if I may, I'd like to address concerns I have about the amendment. One, the one percent rebalancing is essential to ensure that a local exchange does not take advantage of a competitive possibility by unreasonably raising rates that exceed their normal return on their investment. In other words, in the past commercial accounts and business accounts that have telephone lines have been paying higher rates, above cost of providing services, as a form of...one of the forms of subsidy to support low rates for residential people. And as those rate...and those business lines then represent very attractive accounts for competition to come in and try to access because they are priced above cost of service. And when competition comes in the local exchange is required by federal...by the federal act to provide service to those competitors at their cost, so then if they don't rebalance the commercial accounts, which are the desirable